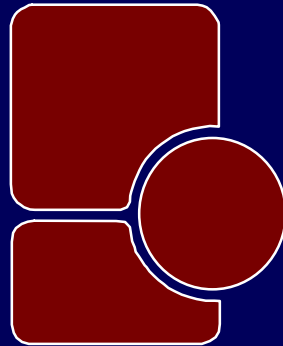


**Joint Legislative Audit and Review Commission  
of the Virginia General Assembly**



**Final Report:  
Child Support Enforcement**

**Staff Briefing  
October 10, 2000**

# Introduction

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## Staff for this study:

**Robert Rotz, Division Chief**

**Cynthia Jones, Project Leader**

**Lisa Friel**

**Christine Wolfe**

# Presentation Outline

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## **Study Overview and Summary of Findings**

- ☐ Overview of the Child Support Enforcement Program
- ☐ Child Support Enforcement Performance
- ☐ Child Support Enforcement Staffing
- ☐ Ways to Improve Child Support Enforcement Services
- ☐ State Options For Addressing Funding and Resource Needs

# Study Mandate

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- **House Joint Resolution 553 (1999) directs JLARC to evaluate the activities of the Division of Child Support Enforcement (DCSE), including the district offices.**
- **The study should examine, among other things deemed relevant, the caseload, management, employment levels, and the work load of the State and district offices, and make recommendations as to how the program can be improved.**
- **This review was conducted in two phases. The interim report was completed in December 1999.**

# Research Activities

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- **Structured interviews with central, regional, and district staff from DCSE and the Department of Social Services (DSS).**
- **Surveys of all district office staff.**
- **Site visits to eight district offices, including two privatized offices.**
- **Analysis of DCSE performance and staffing data.**
- **Review of various child support enforcement documents.**

# Two Major Findings from the Interim Report

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- First, DCSE's reported caseload size, while substantial, appeared to be somewhat overstated, because some cases could be closed or could be excluded from the caseload figure due to minimal work activity.
  - In response to this, DCSE initiated a case closure project and closed more than 69,000 cases.
- Second, the dramatic decline in the welfare caseload and several federal changes caused DCSE, for the first time, to experience a budget deficit and increased budget instability.
  - The General Assembly addressed the budget deficit with general funds of \$7.0 million for FY 2000, \$4.8 million for FY 2001, and \$4.6 million for FY 2002. Additional general funds may be needed because deficits may be higher than allocated funds.

# Summary of Findings from the Final Report

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- Virginia's child support enforcement program has enjoyed a good national reputation and has been a leader in a number of areas over the years. However, federal performance expectations for funding purposes are becoming more demanding and DCSE's recent performance results have been mixed.
- Performance levels and staffing levels across district offices vary substantially. This is a concern, because the ability of custodial parents and children to receive the support that is due them should not depend on the district in which they live and whether that office has been more or less successful in securing proper resource levels.

# Summary of Findings

(continued)

- Staffing concerns have recently been exacerbated by the loss of most of the district offices' federally-funded contract staff (74 staff of 94 contract positions are being eliminated, of which 62 positions have already been phased out). Staffing needs to be provided to each office to ensure that cases can be worked effectively, and to ensure that an appropriate mix of staff (such as caseworkers and support staff) is in place.
- DCSE should consider implementing technology improvements and a series of other strategies for managing and improving services, some of which require improvements in processes, but do not cost additional money.



# Summary of Findings

(continued)

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- DCSE has privatized four child support district offices, as well as specific child support functions. These efforts show mixed results.
- Several current and proposed federal changes are continuing to cause DCSE to experience budget deficits and increased budget instability. Options are presented in the report to address DCSE's funding needs.

# Presentation Outline

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# Overview of the Child Support Enforcement Program

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- Child support is defined as the financial resources contributed by noncustodial parents to their children to provide necessities of life (food, shelter, clothing, and medical support).
- Child support has become an essential part of the State's human services system, particularly with the implementation of welfare reform and its focus on making families self-sufficient. Non-payment of child support can cause hardships for the one of every four children in Virginia that receive child support services from the State.

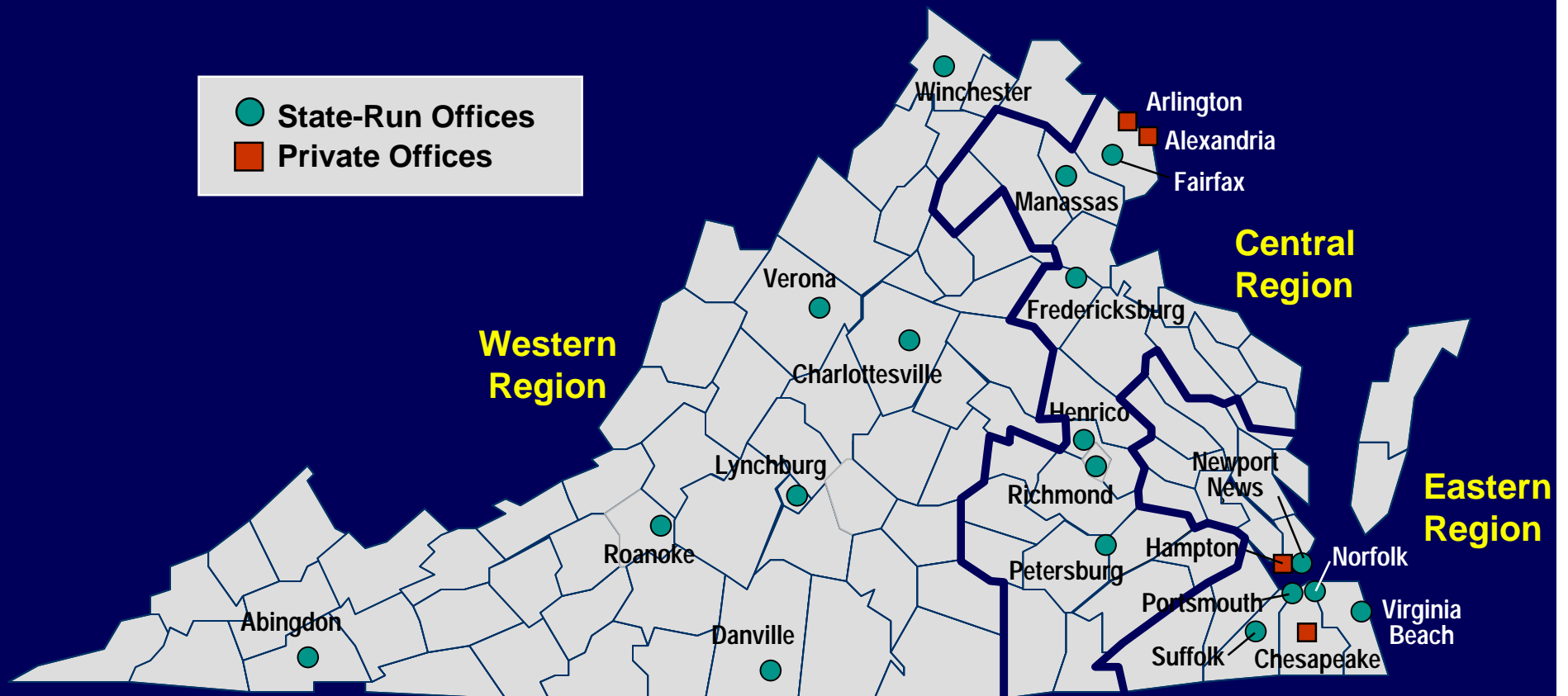
# Overview of Virginia's Program

12

- The child support program is a federal and state partnership.
- DCSE in DSS is responsible for administering the program at the State level. DCSE is the largest division in DSS in terms of staff and budget.
- Virginia is an “administrative” state, which means that many child support enforcement actions can be performed administratively by qualified DCSE employees, instead of going through the judicial system.

# Virginia Has a Centralized Program, with 18 State-Run and Four Privately-Run District Offices

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# Virginia's Child Support Enforcement Program Is a Sizable Program

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- DCSE's major functions are to: locate parents, establish paternity, establish support orders, enforce support orders, and collect and distribute support.
- DCSE delivers child support services to 394,669 cases and more than 540,000 children (June 2000 data).
- DCSE collected \$453 million in child support in FY 2000, but more than \$1.6 billion is still owed to Virginia's children.

# General Caseload Characteristics

15

- Single parents on TANF are required to become clients of DCSE. However, the majority (76 percent) of the cases involve custodial parents who are not receiving public assistance.
- Over half of DCSE's cases involve noncustodial parents who are delinquent in paying child support.
- Approximately 31 percent of cases do not have a support order.
- Approximately 26 percent of cases are interstate cases.

# Most of the Funding for Virginia's Child Support Program Comes From Federal Funds

16

- DCSE's FY 2000 appropriation was \$453 million, \$73 million of which is DCSE's operating budget.
- DCSE has required minimal State general funds (less than two percent or approximately \$7 million was from State general funds in FY 2000). Most of DCSE's funding is federal funds from three sources:
  - Federal government reimburses DCSE for 66 percent of its administrative costs
  - Federal government allows DCSE to retain almost half of its TANF collections (referred to as retained collections)
  - Federal government provides additional "incentive" funding, based on states' performance in collections.



# Prior to FY 1999, DCSE Had a Budget Surplus and Required No State Funds

17

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>
Federal Revenues	\$26,367,947	\$23,102,793	\$22,798,632
Expenses	\$33,409,975	\$29,462,086	\$28,956,557
Total Deficit	(\$7,042,028)	(\$6,359,293)	(\$6,157,873)
General Funds Allocated	\$7,042,028	\$4,802,780	\$4,563,291
Additional General Funds Needed	\$0	(\$1,556,513)	(\$1,594,582)

# Presentation Outline

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- ☐ Study Overview and Summary of Findings
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- ☒ **Child Support Enforcement Performance**
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# **DCSE Has Enjoyed a Good National Reputation, But Faces Heightened Federal Expectations**

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19

- **Virginia's child support program has implemented several reforms and enforcement tools that were viewed as models by the federal government and were later required of other states to implement (examples include: seizing bank accounts, creating a central unit to disburse payments, and requiring employers to report new hires).**
- **In order to increase the states' accountability, the federal government has implemented a new incentive program that is tied to five performance measures, and has required states to conduct self assessments.**

# DCSE's Recent Performance on Federal Measures Falls Short

20

- DCSE is eligible for 100 percent funding on two federal performance measures: the ability to establish paternity and the overall cost effectiveness of the program (for every dollar spent on administrative costs, \$5.42 is collected in child support).
- However, DCSE falls short on three performance measures related to the ability to collect current and past due child support payments (support order establishments, current support collections, and past-due support collections).
- In addition, DCSE's most recent self-assessment was below several federal efficiency rate benchmarks.

# The Caliber of Child Support Enforcement Services Varies Among the District Offices

21

	<b><u>Lowest Performance Level</u></b>	<b><u>Average Performance Level</u></b>	<b><u>Highest Performance Level</u></b>
<b>Paternity Establishment Percentage</b>	<b>52%</b>	<b>80%</b>	<b>97%</b>
<b>Percentage of Support Orders Established</b>	<b>34%</b>	<b>66%</b>	<b>82%</b>
<b>Percentage of Current Support Collected</b>	<b>48%</b>	<b>56%</b>	<b>62%</b>
<b>Percentage of Cases Paying Toward Arrears</b>	<b>42%</b>	<b>50%</b>	<b>58%</b>
<b>Cost Effectiveness Ratio</b>	<b>\$3.68</b>	<b>\$5.42</b>	<b>\$7.81</b>
<b>TANF Collections per TANF Case</b>	<b>\$217</b>	<b>\$385</b>	<b>\$480</b>

# District Office Performance Ratings

22

- District offices were rated on their performance across six performance measures:
  - Paternity establishments
  - Support order establishments
  - Current support collections
  - Past-due support collections
  - Cost effectiveness ratio
  - TANF collections per case
- A district office report card is shown on page 47 of the JLARC staff report (Table 7) and on page 22 A.

# District Office Performance Is Associated with Staffing and Other Factors

23

- Differences in performance vary based on some factors over which the State and DCSE have some control, such as staffing:
  - Caseload size per caseworker
  - Caseload size per total staff
  - The percentage of time caseworkers spend on clerical activities
- Differences in performance are also associated with some factors over which the State and DCSE have little or no control:
  - Population density
  - The percentage of welfare cases in the caseload
  - Median household income

# Individual Office Performance Goals Should Be Developed Based on Staffing and External Factors

24

Performance Measure: Cost Effectiveness Ratio  
(Dollars Collected per Dollar Spent)

		Percentage of Time Caseworkers Spend on Clerical Activities	
		<u>HIGH</u>	<u>LOW</u>
Percentage of TANF Cases in Caseload	<u>HIGH</u>	\$4.60	\$5.04
	<u>LOW</u>	\$5.65	\$6.09



# Recommendation

25

- **DCSE should develop district office level performance goals that are tied to the five federal performance goal and the additional TANF performance measure. In the short term, DCSE should set individual performance goals for each district office based on the prevailing or typical performance achieved by other offices with similar characteristics. In the long term, if staffing issues are addressed, DCSE should determine an appropriate percentage increase in performance for each group of offices with similar external characteristics.**

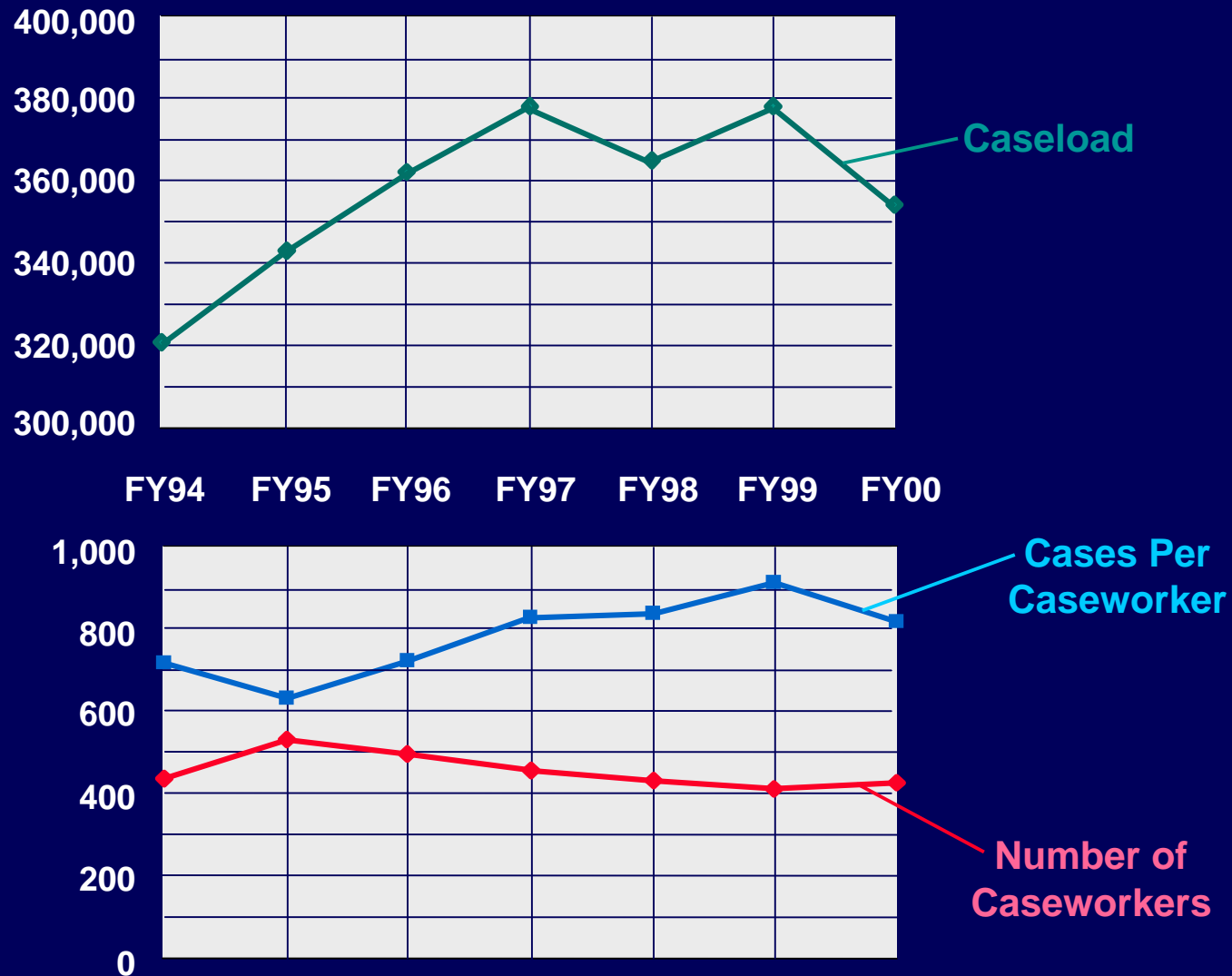
# Presentation Outline

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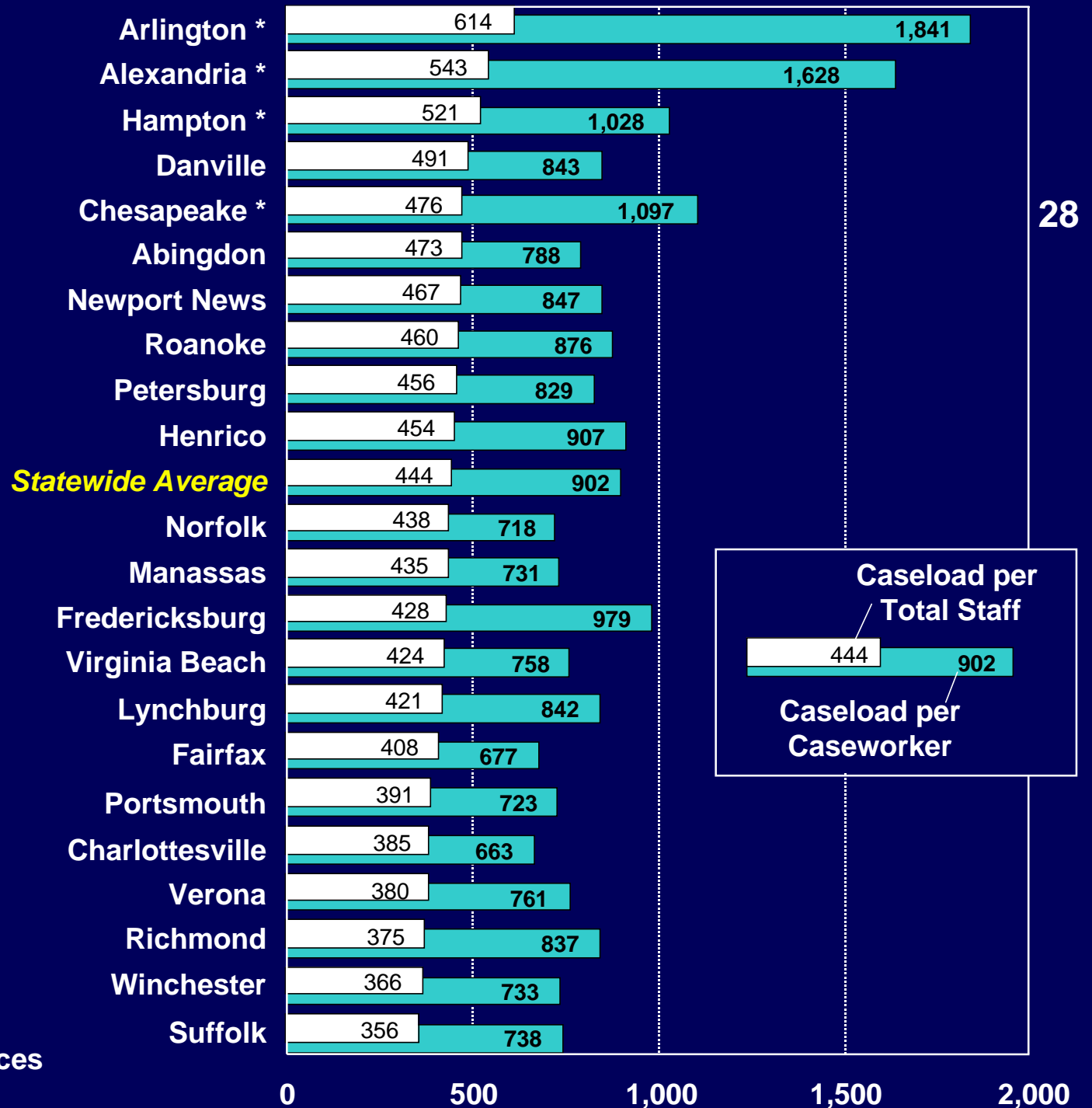
- ☐ Study Overview and Summary of Findings
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# DCSE's Number of Caseworkers Has Not Kept Pace with the Caseload at State-Run Offices

27



# Caseload Size Per Caseworker and Total Staff Among Offices Varies Widely



\*Privatized Offices

# **DCSE District Managers and Staff Consider Current Staffing Inadequate**

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29

- Caseload and staffing data from June 2000 showed that district offices managed an average of 444 cases per total staff person and 902 cases per caseworker, including contract staff.
- Sixteen of 22 district managers and 74 percent of caseworkers thought that their office had too high a workload to effectively manage.
- Further, the staff indicated that high workload levels limit their ability to work all cases that deserve attention, to ensure quality on the cases they do work, and to provide responsive customer services.

# **An Inappropriate Mix and Use of Positions Appears to Impede Efficiency**

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- One of the consequences of not having the appropriate mix of staff (such as caseworkers and support staff) is that on average, caseworkers report that about one-third of their time is spent on clerical duties in lieu of proactively working cases.
- A DCSE staffing study demonstrated that support staff improves performance. A district office increased collections by \$3.00 per dollar spent (from \$6.50 to \$9.50) following the addition of support staff, and about \$1.80 of this increase was attributed to the additional staffing.

# **DCSE's Elimination of Most of Its Federally-Funded Contract Staff Increases Staffing Challenges**

31

- Staffing concerns have recently been exacerbated by the loss of most of the offices' federally-funded contract staff (74 staff of 94 contract positions are being eliminated, of which 62 have already been phased out).
- DCSE paid \$2.5 million for these staff in FY 2000. Approximately 98 percent of this amount was paid with federal funds.
- In spite of this federal funding, the reduction of contract staff is occurring because DSS has required DCSE to hold administrative costs at FY 2000 levels and DCSE management gave other expenditures a higher priority.

# Staffing Standards Were Developed to Address Staffing Issues and Loss of Contract Staff

32

- For the study, a caseload staffing standard was developed (based on high performing offices and a standard used by a national private company), which would reduce the caseload per total staff in all district offices to a maximum of 400 cases.
- In addition, a support staffing standard was developed to improve the ratio of support staff to caseworkers (set at a minimum of .50, or one support staff for every two caseworkers).
- The total additional staff recommended to meet minimum staffing standards is 105 (74 positions to replace lost contract staff and 31 positions to improve overall staffing levels and performance at the district offices).



# Staffing Needed by State-Run District Offices to Meet Standards

33

Abingdon	10	Norfolk	7
Charlottesville	4	Petersburg	6
Danville	13	Portsmouth	0
Fairfax	10	Richmond	3
Fredericksburg	5	Roanoke	11
Henrico	4	Suffolk	0
Lynchburg	5	Verona	5
Manassas	7	Virginia Beach	5
Newport News	9	Winchester	1

**Total Additional Staff Recommended 105**  
(only 31 positions are new)

# **Additional Staff Should Translate to More Dollars Being Collected for Child Support Payments**

34

- A national study has shown that collection rates are tied to funding and staffing; states with higher costs and staffing ratios tend to have higher collections.
- Currently in Virginia, for every administrative dollar that is spent, \$5.42 is collected. DCSE's staffing study showed that \$1.80 in additional collections can be attributed to adding support staff.
- In addition, the JLARC staff analysis found that performance increases with the appropriate number and use of staff.
- Most of the cost (between 66 percent and 98 percent) of additional staffing will be paid for by the federal government.

# Consequences of Not Replacing Lost Staff or Increasing Staffing Levels

35

- DCSE may collect less child support on behalf of Virginia's children, which may increase the number of families that have to seek public assistance.
- DCSE's performance on the federal measures will likely decrease because DCSE has less staff now than when the JLARC staff analysis was conducted.
  - DCSE risks a two-for-one loss of federal funds for the child support program by not meeting the maintenance of effort requirement under the new incentive program.
  - The State risks losing up to five percent of its TANF grant for poor performance.

# Recommendation

36

- **DSS, in conjunction with DCSE, should request the appropriate level of funding for increasing its Maximum Employment Level (MEL) by 105 positions. These positions will replace 74 lost contract positions and improve the staffing levels of the district offices. DCSE should develop a staffing plan to ensure that these positions are targeted to the district offices to meet caseload and support staffing standards.**

# **DSS' Response to Staffing Recommendation**

37

- **DSS' response to the report does not indicate that the agency will seek any positions to replace the lost contract staff.**
- **DSS says it “will closely examine ways to improve staff utilization and deployment and make better use of technology, to maximize the effective use of staffing resources.”**
- **DSS does need to ensure the effective use of its resources; recommendations are made in the report to help achieve this.**
- **However, additional positions to offset the loss of the contract staff need to be part of the effort to improve district office performance:**
  - **Without action, caseloads rise from 433 to 451 per total staff person (from 847 to 899 per caseworker).**
  - **New positions would be largely federally-funded.**

# Presentation Outline

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- ☐ Study Overview and Summary of Findings
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- ☐ State Options for Addressing Funding and Resource Needs

# **Recommendations Could Result in Increased Federal Funding for Child Support and Better Services for Customers**

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39

- **The mandate requested recommendations for improvement.**
- **Recommendations in the report address:**
  - **Technological improvements (Chapter 4)**
  - **Program or process improvements (Chapter 5)**

# Recommendations for Technological Improvements

40

- Some technological improvements include:
  - Develop a plan to reengineer the Automated Program to Enforce Child Support (APECS).
  - Reevaluate the current voice response system.
  - Make other office technologies (such as filing systems and desktop printing) available to all offices.
  - Improve customer access to child support enforcement services by developing an interactive Internet web site.



# Recommendations for Program or Process Improvements

41

- Other recommendations in the report address program improvements that are needed, including the need to:
  - Improve communication and oversight of the program.
  - Improve the availability and coordination of training programs.
  - Provide more uniform customer services with better trained and compensated staff.
  - Develop a better mechanism for monitoring the services provided by private contractors.
  - Share some of the best practices of the district offices and suggested staff improvements for the program.

# Privatization of Child Support Offices Shows Mixed Results

42

- Privatization of full service child support offices began in 1994 in order to reduce the workload of some State-run offices, to reduce the geographic spread of district offices, and to serve as an alternative to increasing the State workforce.
- Of the four privately run offices, two are the lowest performers in the State (Alexandria and Arlington). The other two offices (Chesapeake and Hampton) are mid-level performers that are continuing to improve their overall performance.
- The Chesapeake and Hampton offices utilize several best practices that are recommended in this report for improving the performance of the State-run offices.

# Presentation Outline

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- ☒ **State Options for Addressing Funding and Resource Needs**

# Proposed Federal Funding Changes Impact the State Options for Funding the DCSE Program

44

- Options for addressing DCSE's projected budget deficits and resource needs are complicated by the uncertain financial impact of proposed federal changes to the child support funding streams.
- There are three federal funding streams: administrative costs (reimbursed at 66 percent), retained collections, and incentives.
  - The 66 percent federal match is the only funding stream that is not under review by the federal government.
  - In FY 2000, federal funds paid for approximately 98 percent of all DCSE program costs when all funding streams were combined.
  - Therefore, the State share of any additional costs could range from two to 32 percent.

# Options for Addressing DCSE's Budget Deficit and Resource Needs

45

- There are four options presented in the report, two appear to be the most viable.
- Give DCSE a larger general fund appropriation to replace lost federal funding.
- Give DCSE a general fund appropriation that is above and beyond the lost federal funding, so that DCSE can hire more staff and/or improve other resources to deal with its caseload (the State share of these costs ranges from two to 32 percent).